

**PUNJAB STATE ELECTRICITY REGULATORY COMMISSION**  
SITE NO. 3, BLOCK B, SECTOR 18-A, MADHYA MARG, CHANDIGARH

**Petition No. 35 of 2020**  
**Date of Order: 09.12.2020**

Petition for the Determination of Additional Surcharge U/S 42 (4) of the Electricity Act-2003 read with Regulation 27 of the Punjab State Electricity Regulatory Commission (Terms and Conditions for Intra-State Open Access) Regulations, 2011 to be made applicable on to the open access consumers availing power from the sources other than PSPCL for the period 01.10.2020 to 31.03.2021.

AND

In the matter of: Punjab State Power Corporation Limited,  
The Mall, Patiala.

.....Petitioner

Present: Ms. Kusumjit Sidhu, Chairperson  
Ms. Anjuli Chandra, Member  
Sh. Paramjeet Singh, Member

**ORDER:**

1. The present petition has been filed by Punjab State Power Corporation Limited (PSPCL) for determination of applicable additional surcharge for the period 01.10.2020 to 31.03.2021, to be levied on the open access consumers receiving supply of electricity from the sources other than PSPCL. The submissions made by PSPCL are summarized as under:

- a) PSPCL has submitted detailed data including hourly-based (Month-wise) data for Availability, Scheduled and Surrendered Power during the corresponding period of

the previous year i.e. 01.10.2019 to 31.03.2020, for the computation of the applicable additional surcharge.

- b) It is evident from the data that PSPCL has adequate generating capacities available to meet the entire power demand of the consumers of PSPCL including the open access consumers during the relevant period. Therefore, in the event of sourcing of power by open access consumers from sources other than PSPCL, part of the available generating capacity is likely to remain stranded during the period from October 2020 to March, 2021.
- c) Provisions as regards to additional surcharge are made in Para 8.5 of the Tariff Policy and Regulation 27 of the PSERC Open Access Regulations, 2011. The Commission has notified the above Regulations in accordance with the provisions of the Electricity Act and the Tariff Policy, so as to compensate the distribution licensee for its stranded generation capacity arising out of its universal supply obligations. The additional surcharge is payable under the Regulations notwithstanding that only the inter-state transmission system is being used for availing open access and even when the lines of transmission/distribution licensee are not used.
- d) The burden of fixed cost is adversely affecting the financial interests of PSPCL, which in turn is affecting the consumers in the State buying power from PSPCL. As such, it is necessary that Additional Surcharge as provided under Section 42(4) of the Electricity Act, 2003 and the PSERC Open Access Regulations be determined

and made applicable to open access consumers in the State.

2. The petition was admitted vide Order dated 21.10.2020 and PSPCL was directed to issue public notice inviting objections from general public/stakeholders, as required under Regulation 67 of the PSERC (Conduct of Business) Regulations, 2005. The public notice was published by PSPCL on 27.10.2020 in 'The Tribune' (English), 'Ajit' (Punjabi) and 'Punjab Kesari' (Hindi). In response thereof, Indian Energy Exchange (IEX) submitted its objections vide email dated 06.11.2020 and PSPCL submitted its reply to the same vide Memo. No. 5162/TR-5/983 dated 10.11.2020.

3. The petition was taken up for hearing as well as public hearing on 11.11.2020. However, nobody appeared from the public in the public hearing except the representatives of PSPCL. The Commission, vide Order dated 13.11.2020, directed PSPCL to clarify the reasons for increase in Fixed Cost of power purchase vis a vis decrease in average scheduled capacity for FY 2019-20 with respect to FY 2018-19 and whether the per MW cost has been worked out for Power Purchase and Open Access at the same point (i.e. State periphery or consumer end).

4. In compliance thereof, PSPCL submitted its reply vide memo 5284/TR-5/983 dated 27.11.2020 which is summarized as under:

- a) Major reason for increase in Fixed Cost for FY 2019-20 in comparison to FY 2018-19 is because of higher Plant Availability Factor (PAF) of some plants like DVCs, GVK and Karcham Wangtoo.
- b) The reasons for decrease in Average scheduled power

during the period is the reduced Outside State sale and export of power under banking. i.e. 18 MU & 2138.85 MU respectively in H2 (2019-20) as compared to 1195.48 MU & 5065.81 MU in H2 (2018-19)

c) Figures of Open Access had been considered at consumer end whereas availability from Generators is ex-bus. However, the same has been now worked out at consumer end and the calculation sheet for determination of additional surcharge has been reworked accordingly.

5. The petition was taken up for hearing on 02.12.2020 and after hearing PSPCL the Order was reserved.

6. The issues raised by the objector IEX and PSPCL's reply thereon are summarized as under:

a) Inclusion of 'Other Charges' in the Fixed cost

**Objection/Comments**

IEX submitted that PSPCL in its claim of additional surcharge has included Open Access Charges of Rs. 499.27 Crore in the fixed costs. It is pointed out that the Commission in Order dated 26.08.2020 in Petition No. 06 of 2020 had rejected a similar claim of 'other charges' of Rs. 371.57 Crore.

**Reply of PSPCL:**

PSPCL submitted that the amount of fixed cost of Rs. 499.27 Crore on account of Open Access Charges is paid by PSPCL on actual basis. However, as per the data of revised fixed cost and additional surcharge

calculations submitted by PSPCL vide memo 5284/TR-5/983 dated 27.11.2020, the open access charges considered in the other fixed charges have been corrected to Rs. 4.99 Crore in place of Rs. 499.27 Crore.

- b) Fixed cost claimed vis-à-vis approved in APR for FY 2019-20

**Objection/Comments**

IEX submitted that the Commission in its Tariff Order dated 06.01.2020, had approved a total fixed cost of Rs. 8014 Crore (Fixed cost of Rs. 7613 Crore & other charges of Rs. 401 Crore) for FY 2019-20. Further, the Commission vide Order dated 26.08.2020 (In petition for determination of additional surcharge for H1 of FY 2019-20) had approved the total fixed cost (including other charges) of Rs. 4770.90 Crore for H1. Thus, the fixed cost remaining for second half of FY 2019-20 would come out to Rs. 3243.1 Crore.

**Reply of PSPCL:**

The fixed cost amounting to Rs. 3243.10 Crore as mentioned by the Objector was a provisional figure. Whereas, the fixed cost amounting to Rs. 4932.46 Crore claimed by PSPCL in petition is actually paid by PSPCL for the relevant period.

**7. Commission's views on objections**

- a) The Commission is in agreement with the objector in view of the fact that open access charges for banking

are payable on kWh basis and thus do not constitute part of 'fixed charges'. Accordingly, the Commission decides to exclude the same from the fixed cost.

- b) With regards to the objection related to Fixed cost claimed in the petition vis-à-vis approved in APR for FY 2019-20, the Commission observes that the Fixed cost figure of Rs. 7613 Crore approved in APR of FY 2019-20 was excluding the fixed costs of PSPCL's own thermal and hydel plants as well as that of BBMB. Further, the Commission agrees with PSPCL that since the actual figures of fixed cost are available, the same needs to be considered.

## **8. Determination of the Additional Surcharge**

The findings and decision of the Commission are as under:

- 8.1** The Electricity Act-2003, Tariff Policy- 2016 and PSERC Open Access Regulations provide for payment of Additional Surcharge by open access consumers receiving supply of electricity from a person other than the distribution licensee of his area of supply, to meet the fixed cost of such distribution licensee arising out of his obligation to supply as under:

### **Section 42(4) of the Act**

*"4) Where the State Commission permits a consumer or class of consumers to receive supply of electricity from a person other than the distribution licensee of his area of supply, such consumer shall be liable to pay an additional surcharge on the charges of wheeling, as may be specified by the State Commission, to meet the fixed cost of such distribution licensee arising out of his obligation to supply."*

### Clause 8.5.4 of Tariff Policy

*“The additional surcharge for obligation to supply as per section 42(4) of the Act should become applicable only if it is conclusively demonstrated that the obligation of a licensee, in terms of existing power purchase commitments, has been and continues to be stranded, or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The fixed costs related to network assets would be recovered through wheeling charges.”*

### Regulation 27 of the PSERC (Terms & Conditions for Intra-state Open Access) Regulations, 2011

#### *“27. Additional Surcharge*

*1) An open access consumer, receiving supply of electricity from a person other than the distribution licensee of his area of supply, shall pay to the distribution licensee an additional surcharge on the charges of wheeling, in addition to wheeling charges and cross-subsidy surcharge, to meet out the fixed cost of such distribution licensee arising out of his obligation to supply as provided under sub-section (4) of section 42 of the Act.*

*2) This additional surcharge shall become applicable only if the obligation of the licensee in terms of power purchase commitments has been and continues to be stranded or there is an unavoidable obligation and incidence to bear fixed costs consequent to such a contract. The distribution licensee shall indicate the quantum of such stranded costs and the period over which they would be stranded. The Commission shall scrutinize the statement of calculation of fixed cost submitted by the distribution licensee and obtain objections, if any, and determine the amount of additional surcharge:*

*Provided that such additional surcharges shall not be levied in case distribution access is provided to a person who has established a captive generation plant for carrying the electricity to the destination of his own use.*

*3) The additional surcharge shall be determined by the*

*Commission.*

*4) The consumers availing Open Access exclusively on interstate transmission system shall also pay the additional surcharge as determined under this Regulation.*

*5) The consumers availing Open Access through dedicated lines even without involving licensee's transmission and / or distribution system shall be liable to pay same additional surcharge as determined under this Regulation.”*

**8.2** The Commission has carefully gone through the data submitted by PSPCL. The Commission observes that, in order to meet its obligation to supply PSPCL has installed/contracted adequate generation capacities from various sources and there is an unavoidable obligation and incidence to bear fixed costs consequent to such contracts. Also, from the data submitted by PSPCL it has been conclusively demonstrated that the obligation of the licensee, in terms of existing power purchase commitments, has been and continues to be stranded.

**8.3** The fixed costs obligations for the distribution licensee consist of the following:

- The fixed costs payable to the generating companies (including own) for the capacity booked by the distribution licensee to meet its obligation to supply.
- The fixed costs for availing long term access i.e cost payable to the Transmission licensees (Inter-State and Intra-State) for conveyance of energy from the generating stations to the input point of the distribution licensee, and



- The fixed costs of distribution business (wheeling and retail infrastructure) from the input point or receipt of electricity from transmission licensee to place of consumption of electricity at consumer place.

**8.4** Since the additional surcharge is payable on the energy consumption measured at consumer end, the Commission decides to consider the per unit fixed cost liability of power at the consumers end.

**8.5** The Commission notes that in the calculation sheet for determination of additional surcharge submitted along with the petition, PSPCL has worked out the additional surcharge @Rs. 0.86/kWh for open access within the contract demand maintained with PSPCL and Rs. 1.23/kWh for full open access without any contract demand and partial open access in excess of the contract demand maintained with PSPCL. The Commission observes that partial open access consumers availing open access upto their sanctioned contract demand are also paying fixed charges for the said demand as per the tariff schedule to the licensee. However, full open access consumers and partial open access consumers availing open access over and above their contract demand do not pay any fixed charges. Hence, it is prudent to work different rates of additional surcharge for different consumers depending upon whether or not they are paying the fixed charges to the distribution licensee.

**8.6 Accordingly, the Commission determines Additional Surcharge (Detailed in Annexure-A) applicable for the period 01.10.2020 to 31.03.2021 as under:**

- a. Payable by full open access consumers and partial open access consumers who are availing open access over and above their contract demand maintained with the distribution licensee **Rs. 1.23/kWh**
- b. Payable by partial open access consumers for availing open access upto their contract demand maintained with the distribution licensee **Rs. 0.86/kWh**

**8.7 This Additional Surcharge shall be leviable on the consumers situated within the area of supply of PSPCL on the actual open access power brought by them from sources other than PSPCL, subject to the condition that the contracted capacity of PSPCL continues to remain stranded during the period.**

**The petition is disposed of accordingly.**

**Sd/-**

**(Paramjeet Singh)  
Member**

**Sd/-**

**(Anjuli Chandra)  
Member**

**Sd/-**

**(Kusumjit Sidhu)  
Chairperson**

Chandigarh

Dated: **09.12.2020**

## Annexure-A

## Calculation of Additional Surcharge

(Based on the data for the corresponding period of the previous year i.e.  
01.10.2019 to 31.03.2020)

Sr. No.	Particulars	Unit	Submitted by PSPCL in the Petition	Revised by PSPCL vide Memo no. 5284 dated 27.11.2020	Worked out by the Commission	
A	Total Installed/Contracted Capacity	MW	13510			
B	Average Availability Capacity	MW	8415			
C	Average Scheduled Capacity	MW	4794			
D	Average Stranded Capacity	MW	3621			
E	Average Open Access Aailed	MW	18.67			
F	Capacity stranded due to Open Access	MW	18.67			
G	Fixed Cost for the available power capacity	Rs. Cr.	4932.46	4438.18	4433.19	
H	Fixed Cost per MW available at consumer end considering availability (B) at consumer end (G/8104*)	Rs./MW	0.59	0.5477*	0.5470*	
I	Fixed Cost of Stranded Capacity on account of Open Access (FxH)	Rs. Cr.	10.94	10.225	10.213	
J	Open Access Energy Scheduled	MU	83.00			
K	<b>Additional Surcharge payable by Full open access consumers and partial open access consumers for availing open access beyond the contract demand maintained with the distribution licensee (I/J)</b>	<b>Rs/kWh</b>	<b>1.32</b>	<b>1.2319</b>	<b>1.2305</b>	
L	Adjustment of Fixed Charges paid to the distribution licensee by partial open access consumers as consumers of the licensee					
	i)	Energy consumed	MUs	5536.41		
	ii)	Fixed Charges recovered	Rs. Cr.	400.13		
	iii)	Fixed Charges per unit (ii/i)	Rs/kWh	0.72		
	iv)	Total Fixed Costs = 1/2 of Yearly Distribution fixed cost (Table 44, Chapter-3 of TO FY 2020-21) + G	Rs. Cr.	9154.27	8659.99	8655
	v)	Proportion of 'Fixed Cost for power purchase to the 'Total Fixed Costs of the Distribution Licensee' (G/iv)	%	53.88%	51.25%	51.22%
	vi)	Part of the Fixed Charges paid by consumers with load contributing towards fixed cost of power (iii*v)	Rs/kWh	0.39	0.3704	0.3702
M	<b>Additional Surcharge payable by partial open access consumers for availing open access upto the contract demand maintained with the distribution licensee (K-L(vi))</b>	<b>Rs/kWh</b>	<b>0.93</b>	<b>0.8615</b>	<b>0.8603</b>	

\*The availability at the consumer end is calculated by deducting inter-state losses @ 3% & intra-state losses @2.5% from average availability capacity